

# Fortune Information Systems Corporation and Subsidiaries

Consolidated Financial Statements for the Nine  
Months Ended September 30, 2024 and 2023 and  
Independent Auditors' Review Report

## **INDEPENDENT AUDITORS' REVIEW REPORT**

The Board of Directors and Stockholders  
Fortune Information Systems Corp.

### **Introduction**

We have reviewed the accompanying consolidated balance sheets of Fortune Information Systems Corp. and its subsidiaries (collectively, the “Group”) as of September 30, 2024 and 2023, and the related consolidated statements of comprehensive income for the three months and the nine months ended September 30, 2024 and 2023, the consolidated statements of changes in equity and cash flows for the nine months then end, and the related notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the “consolidated financial statements”). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by Financial Supervisory Commission(FSC) of the Republic of China(ROC). Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### **Scope of Review**

Except as stated in the following paragraph, we conducted our reviews in accordance with the Standards on Review Engagements of the Republic of China 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Basis for Qualified Conclusion**

As disclosed in Note 11 to the consolidated financial statements, the financial statements of non-significant subsidiaries, included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of September 30, 2024 and 2023, the unreviewed assets were NT\$ 62,238 thousand and NT\$ 111,773 thousand, respectively, representing 3% and 5%, respectively, of the consolidated total assets, and the unreview liabilities were NT\$ 10,034 thousand and NT\$ 20,695 thousand, respectively, representing 1% and 2%, respectively, of the consolidated total liabilities. For the three months ended September 30, 2024 and 2023, and for the nine months ended September 30, 2024 and 2023, the amounts of the unreviewed comprehensive income or loss were NT\$ (357) thousand, NT\$ 3,466 thousand, NT\$ 4,352 thousand and NT\$ 6,583 thousand, respectively, representing (5)%, 20%, 10% and 11%, respectively, of the consolidated comprehensive income.

## Qualified Conclusion

Based on our reviews, except for adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2024 and 2023, and of its consolidated financial performance for the three months ended September 30, 2024 and 2023, and of its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the FSC of the ROC.

The engagement partners on the reviews resulting in this independent auditors’ review report are Cai, You-Ling and Lin, Wen-Qin.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China  
November 8, 2024

### Notice to Readers

*The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China (ROC) and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally applied in the ROC.*

*For the convenience of readers, the independent auditors’ review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the ROC. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language auditors’ review report and consolidated financial statements shall prevail.*

**FORTUNE INFORMATION SYSTEMS CORPORATION AND SUBSIDIARIES**
**CONSOLIDATED BALANCE SHEETS**

(In Thousands of New Taiwan Dollars)

|                                                  | September 30, 2024  |            | December 31, 2023   |            | September 30, 2023  |            |
|--------------------------------------------------|---------------------|------------|---------------------|------------|---------------------|------------|
| ASSETS                                           | Amount              | %          | Amount              | %          | Amount              | %          |
| <b>CURRENT ASSETS</b>                            |                     |            |                     |            |                     |            |
| Cash and cash equivalents ( Note 6 )             | \$ 198,329          | 10         | \$ 383,681          | 19         | \$ 198,513          | 10         |
| Financial assets at amortized cost ( Note 7 )    | 14,670              | 1          | 50,291              | 3          | 48,651              | 2          |
| Contract assets ( Note 19 and 25 )               | 604,999             | 31         | 569,544             | 28         | 533,888             | 25         |
| Notes receivable ( Note 8 )                      | 2,828               | -          | 1,214               | -          | 7,690               | -          |
| Accounts receivables ( Note 8, 19 and 25 )       | 356,525             | 18         | 186,067             | 9          | 382,294             | 18         |
| Other receivables ( Note 8 )                     | 19,108              | 1          | 37,647              | 2          | 2,282               | -          |
| Inventories ( Note 10 )                          | 203,170             | 11         | 212,000             | 11         | 359,750             | 17         |
| Prepayments                                      | 45,984              | 2          | 47,155              | 2          | 57,588              | 3          |
| Non-current assets held for sale ( Note 9 )      | 23,098              | 1          | -                   | -          | -                   | -          |
| Other current assets                             | 14,426              | 1          | 21,343              | 1          | 5,568               | -          |
| Total current assets                             | <u>1,483,137</u>    | <u>76</u>  | <u>1,508,942</u>    | <u>75</u>  | <u>1,596,224</u>    | <u>75</u>  |
| <b>NON-CURRENT ASSETS</b>                        |                     |            |                     |            |                     |            |
| Property, plant and equipment ( Note 12 )        | 210,254             | 11         | 234,120             | 12         | 236,457             | 11         |
| Right-of-use assets ( Note 13 )                  | 6,515               | -          | 13,134              | 1          | 11,447              | 1          |
| Investment property ( Note 14 )                  | 60,413              | 3          | 60,917              | 3          | 61,097              | 3          |
| Other intangible assets                          | 510                 | -          | 1,133               | -          | 1,544               | -          |
| Deferred tax assets                              | 869                 | -          | 1,612               | -          | 865                 | -          |
| Refundable deposits                              | 174,548             | 9          | 168,374             | 8          | 172,639             | 8          |
| Long-term accounts receivables ( Note 8 and 19 ) | 6,709               | -          | 9,623               | -          | 16,075              | 1          |
| Net defined benefit assets                       | 20,763              | 1          | 20,763              | 1          | 22,626              | 1          |
| Total non-current assets                         | <u>480,581</u>      | <u>24</u>  | <u>509,676</u>      | <u>25</u>  | <u>522,750</u>      | <u>25</u>  |
| <b>TOTAL</b>                                     | <u>\$ 1,963,718</u> | <u>100</u> | <u>\$ 2,018,618</u> | <u>100</u> | <u>\$ 2,118,974</u> | <u>100</u> |
| <b>LIABILITIES AND EQUITY</b>                    |                     |            |                     |            |                     |            |
| <b>CURRENT LIABILITIES</b>                       |                     |            |                     |            |                     |            |
| Short-term borrowings ( Note 15 )                | \$ 40,000           | 2          | \$ 30,000           | 2          | \$ 40,000           | 2          |
| Short-term bills payable ( Note 15 )             | -                   | -          | 49,937              | 2          | 49,940              | 2          |
| Contract liabilities ( Note 19 and 25 )          | 82,485              | 4          | 89,596              | 4          | 122,709             | 6          |
| Notes payable                                    | 20                  | -          | 20                  | -          | 99                  | -          |
| Accounts payables                                | 407,741             | 21         | 396,910             | 20         | 520,596             | 25         |
| Other payables ( Note 16 )                       | 163,618             | 8          | 157,384             | 8          | 120,794             | 6          |
| Current tax liabilities                          | 7,442               | -          | 14,395              | 1          | 8,319               | -          |
| Lease liabilities ( Note 13 and 25 )             | 3,849               | -          | 8,645               | -          | 7,778               | -          |
| Other current liabilities                        | 29,245              | 2          | 26,168              | 1          | 23,009              | 1          |
| Total current liabilities                        | <u>734,400</u>      | <u>37</u>  | <u>773,055</u>      | <u>38</u>  | <u>893,244</u>      | <u>42</u>  |
| <b>NON-CURRENT LIABILITIES</b>                   |                     |            |                     |            |                     |            |
| Deferred tax liabilities                         | 4,153               | 1          | 4,153               | -          | 4,525               | 1          |
| Lease liabilities ( Note 13 and 25 )             | 2,752               | -          | 4,594               | 1          | 3,772               | -          |
| Other non-current liabilities                    | 1,175               | -          | 3,195               | -          | 3,323               | -          |
| Total non-current liabilities                    | <u>8,080</u>        | <u>1</u>   | <u>11,942</u>       | <u>1</u>   | <u>11,620</u>       | <u>1</u>   |
| Total liabilities                                | <u>742,480</u>      | <u>38</u>  | <u>784,997</u>      | <u>39</u>  | <u>904,864</u>      | <u>43</u>  |
| <b>EQUITY ( Note 18 )</b>                        |                     |            |                     |            |                     |            |
| Common stock                                     | 699,612             | 36         | 699,612             | 35         | 699,612             | 33         |
| Capital surplus                                  | 62,361              | 3          | 62,361              | 3          | 62,361              | 3          |
| Retained earnings                                |                     |            |                     |            |                     |            |
| Legal reserve                                    | 190,121             | 10         | 182,351             | 9          | 182,351             | 9          |
| Special reserve                                  | 3,481               | -          | 3,279               | -          | 3,279               | -          |
| Unappropriated earnings                          | 266,157             | 13         | 289,498             | 14         | 266,409             | 12         |
| Total retained earnings                          | <u>459,759</u>      | <u>23</u>  | <u>475,128</u>      | <u>23</u>  | <u>452,039</u>      | <u>21</u>  |
| Other equity interests                           | ( 494 )             | -          | ( 3,480 )           | -          | 98                  | -          |
| Total equity                                     | <u>1,221,238</u>    | <u>62</u>  | <u>1,233,621</u>    | <u>61</u>  | <u>1,214,110</u>    | <u>57</u>  |
| <b>TOTAL</b>                                     | <u>\$ 1,963,718</u> | <u>100</u> | <u>\$ 2,018,618</u> | <u>100</u> | <u>\$ 2,118,974</u> | <u>100</u> |

The accompanying notes are an integral part of the consolidated financial statements.

**FORTUNE INFORMATION SYSTEMS CORPORATION AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

|                                                                                                                        | For the Three Months Ended September 30 |           |                  |           | For the Nine Months Ended September 30 |           |                  |           |
|------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|-----------|------------------|-----------|----------------------------------------|-----------|------------------|-----------|
|                                                                                                                        | 2024                                    |           | 2023             |           | 2024                                   |           | 2023             |           |
|                                                                                                                        | Amount                                  | %         | Amount           | %         | Amount                                 | %         | Amount           | %         |
| OPERATING REVENUES<br>(Notes 19 and 25)                                                                                | \$ 540,732                              | 100       | \$ 484,524       | 100       | \$ 1,636,732                           | 100       | \$ 1,751,529     | 100       |
| OPERATING COSTS<br>(Notes 10 and 20)                                                                                   | <u>492,207</u>                          | <u>91</u> | <u>430,006</u>   | <u>89</u> | <u>1,461,362</u>                       | <u>89</u> | <u>1,549,420</u> | <u>88</u> |
| GROSS PROFIT FROM OPERATIONS                                                                                           | 48,525                                  | 9         | 54,518           | 11        | 175,370                                | 11        | 202,109          | 12        |
| OPERATING EXPENSES<br>(Notes 20 and 25)                                                                                | <u>38,202</u>                           | <u>7</u>  | <u>38,956</u>    | <u>8</u>  | <u>131,553</u>                         | <u>8</u>  | <u>139,095</u>   | <u>8</u>  |
| OPERATING INCOME                                                                                                       | <u>10,323</u>                           | <u>2</u>  | <u>15,562</u>    | <u>3</u>  | <u>43,817</u>                          | <u>3</u>  | <u>63,014</u>    | <u>4</u>  |
| NON-OPERATING INCOME AND<br>EXPENSES ( Note 20 and 25 )                                                                |                                         |           |                  |           |                                        |           |                  |           |
| Interest income                                                                                                        | 999                                     | -         | 1,030            | -         | 3,861                                  | -         | 2,898            | -         |
| Other income                                                                                                           | 3,759                                   | 1         | 1,792            | 1         | 10,560                                 | 1         | 6,443            | -         |
| Other gains and losses, net                                                                                            | 1,832                                   | -         | 154              | -         | 324                                    | -         | 417              | -         |
| Finance costs                                                                                                          | ( <u>142</u> )                          | -         | ( <u>603</u> )   | -         | ( <u>934</u> )                         | -         | ( <u>2,961</u> ) | -         |
| Total non-operating income<br>and expenses                                                                             | <u>6,448</u>                            | <u>1</u>  | <u>2,373</u>     | <u>1</u>  | <u>13,811</u>                          | <u>1</u>  | <u>6,797</u>     | -         |
| INCOME BEFORE INCOME TAX                                                                                               | 16,771                                  | 3         | 17,935           | 4         | 57,628                                 | 4         | 69,811           | 4         |
| INCOME TAX EXPENSE (Note 21)                                                                                           | <u>8,280</u>                            | <u>2</u>  | <u>3,501</u>     | <u>1</u>  | <u>17,028</u>                          | <u>1</u>  | <u>15,196</u>    | <u>1</u>  |
| NET INCOME                                                                                                             | <u>8,491</u>                            | <u>1</u>  | <u>14,434</u>    | <u>3</u>  | <u>40,600</u>                          | <u>3</u>  | <u>54,615</u>    | <u>3</u>  |
| OTHER COMPREHENSIVE INCOME<br>(LOSS)                                                                                   |                                         |           |                  |           |                                        |           |                  |           |
| Items that may be reclassified<br>subsequently to profit or loss:                                                      |                                         |           |                  |           |                                        |           |                  |           |
| Exchange differences arising<br>on translation of foreign<br>operations                                                | ( 1,199 )                               | -         | 2,713            | 1         | 2,986                                  | -         | 3,381            | -         |
| Unrealized gain/(loss) on<br>investments in debt<br>instruments at fair value<br>through other comprehensive<br>income | <u>-</u>                                | <u>-</u>  | <u>-</u>         | <u>-</u>  | <u>-</u>                               | <u>-</u>  | ( <u>5</u> )     | <u>-</u>  |
| Other comprehensive income,<br>net of income tax                                                                       | ( <u>1,199</u> )                        | -         | <u>2,713</u>     | <u>1</u>  | <u>2,986</u>                           | -         | <u>3,376</u>     | -         |
| TOTAL COMPREHENSIVE INCOME                                                                                             | <u>\$ 7,292</u>                         | <u>1</u>  | <u>\$ 17,147</u> | <u>4</u>  | <u>\$ 43,586</u>                       | <u>3</u>  | <u>\$ 57,991</u> | <u>3</u>  |
| EARNINGS PER SHARE (NT\$, Note<br>22)                                                                                  |                                         |           |                  |           |                                        |           |                  |           |
| Basic earnings per share                                                                                               | <u>\$ 0.12</u>                          |           | <u>\$ 0.21</u>   |           | <u>\$ 0.58</u>                         |           | <u>\$ 0.78</u>   |           |
| Diluted earnings per share                                                                                             | <u>\$ 0.12</u>                          |           | <u>\$ 0.21</u>   |           | <u>\$ 0.58</u>                         |           | <u>\$ 0.78</u>   |           |

The accompanying notes are an integral part of the consolidated financial statements.

**FORTUNE INFORMATION SYSTEMS CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
(In Thousands of New Taiwan Dollars)

|                                                                                                         | <u>Capital Stock - Common Stock</u> |                   |                        | <u>Earnings</u>                  |                                    |                                    | <u>Others</u>                                   |                                                                                                                            | <u>Total Equity</u> |
|---------------------------------------------------------------------------------------------------------|-------------------------------------|-------------------|------------------------|----------------------------------|------------------------------------|------------------------------------|-------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|---------------------|
|                                                                                                         | <u>Shares<br/>(In Thousands)</u>    | <u>Amount</u>     | <u>Capital Surplus</u> | <u>Legal Capital<br/>Reserve</u> | <u>Special Capital<br/>Reserve</u> | <u>Unappropriated<br/>Earnings</u> | <u>Foreign Currency<br/>Translation Reserve</u> | <u>Unrealized Gain<br/>(Loss) on Financial<br/>Assets at Fair<br/>Value Through<br/>Other<br/>Comprehensive<br/>Income</u> |                     |
| BALANCE, JANUARY 1, 2023                                                                                | 69,961                              | \$ 699,612        | \$ 62,361              | \$ 175,261                       | \$ 9,690                           | \$ 254,449                         | ( \$ 3,283 )                                    | \$ 5                                                                                                                       | \$ 1,198,095        |
| Distribution of 2022 earnings                                                                           |                                     |                   |                        |                                  |                                    |                                    |                                                 |                                                                                                                            |                     |
| Legal capital reserve                                                                                   | -                                   | -                 | -                      | 7,090                            | -                                  | ( 7,090 )                          | -                                               | -                                                                                                                          | -                   |
| Special capital reserve                                                                                 | -                                   | -                 | -                      | -                                | ( 6,411 )                          | 6,411                              | -                                               | -                                                                                                                          | -                   |
| Cash dividends to shareholders                                                                          | -                                   | -                 | -                      | -                                | -                                  | ( 41,976 )                         | -                                               | -                                                                                                                          | ( 41,976 )          |
| Net inocme for the nine months ended<br>September 30, 2023                                              | -                                   | -                 | -                      | -                                | -                                  | 54,615                             | -                                               | -                                                                                                                          | 54,615              |
| Other comprehensive income (loss), net of<br>income tax for the nine months ended<br>September 30, 2023 | <u>-</u>                            | <u>-</u>          | <u>-</u>               | <u>-</u>                         | <u>-</u>                           | <u>-</u>                           | <u>3,381</u>                                    | <u>( 5 )</u>                                                                                                               | <u>3,376</u>        |
| Total comprehensive income (loss) for the<br>nine months ended September 30, 2023                       | <u>-</u>                            | <u>-</u>          | <u>-</u>               | <u>-</u>                         | <u>-</u>                           | <u>54,615</u>                      | <u>3,381</u>                                    | <u>( 5 )</u>                                                                                                               | <u>57,991</u>       |
| BALANCE, SEPTEMBER 30, 2023                                                                             | <u>69,961</u>                       | <u>\$ 699,612</u> | <u>\$ 62,361</u>       | <u>\$ 182,351</u>                | <u>\$ 3,279</u>                    | <u>\$ 266,409</u>                  | <u>\$ 98</u>                                    | <u>\$ -</u>                                                                                                                | <u>\$ 1,214,110</u> |
| BALANCE, JANUARY 1, 2024                                                                                | 69,961                              | \$ 699,612        | \$ 62,361              | \$ 182,351                       | \$ 3,279                           | \$ 289,498                         | ( \$ 3,480 )                                    | \$ -                                                                                                                       | \$ 1,233,621        |
| Distribution of 2023 earnings                                                                           |                                     |                   |                        |                                  |                                    |                                    |                                                 |                                                                                                                            |                     |
| Legal capital reserve                                                                                   | -                                   | -                 | -                      | 7,770                            | -                                  | ( 7,770 )                          | -                                               | -                                                                                                                          | -                   |
| Special capital reserve                                                                                 | -                                   | -                 | -                      | -                                | 202                                | ( 202 )                            | -                                               | -                                                                                                                          | -                   |
| Cash dividends to shareholders                                                                          | -                                   | -                 | -                      | -                                | -                                  | ( 55,969 )                         | -                                               | -                                                                                                                          | ( 55,969 )          |
| Net inocme for the nine months ended<br>September 30, 2024                                              | -                                   | -                 | -                      | -                                | -                                  | 40,600                             | -                                               | -                                                                                                                          | 40,600              |
| Other comprehensive income (loss), net of<br>income tax for the nine months ended<br>September 30, 2024 | <u>-</u>                            | <u>-</u>          | <u>-</u>               | <u>-</u>                         | <u>-</u>                           | <u>-</u>                           | <u>2,986</u>                                    | <u>-</u>                                                                                                                   | <u>2,986</u>        |
| Total comprehensive income (loss) for the<br>nine months ended September 30, 2024                       | <u>-</u>                            | <u>-</u>          | <u>-</u>               | <u>-</u>                         | <u>-</u>                           | <u>40,600</u>                      | <u>2,986</u>                                    | <u>-</u>                                                                                                                   | <u>43,586</u>       |
| BALANCE, SEPTEMBER 30, 2024                                                                             | <u>69,961</u>                       | <u>\$ 699,612</u> | <u>\$ 62,361</u>       | <u>\$ 190,121</u>                | <u>\$ 3,481</u>                    | <u>\$ 266,157</u>                  | <u>( \$ 494 )</u>                               | <u>\$ -</u>                                                                                                                | <u>\$ 1,221,238</u> |

The accompanying notes are an integral part of the consolidated financial statements.

# **FORTUNE INFORMATION SYSTEMS CORP. AND SUBSIDIARIES**

## **CONSOLIDATED STATEMENTS OF CASH FLOWS**

(In Thousands of New Taiwan Dollars)

|                                                                         | <u>For the Nine Months Ended September 30</u> |                   |
|-------------------------------------------------------------------------|-----------------------------------------------|-------------------|
|                                                                         | <u>2024</u>                                   | <u>2023</u>       |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                             |                                               |                   |
| Income before income tax                                                | \$ 57,628                                     | \$ 69,811         |
| Adjustments for:                                                        |                                               |                   |
| Depreciation expense                                                    | 11,000                                        | 11,438            |
| Amortization expense                                                    | 1,331                                         | 838               |
| Expected credit loss ( reversal of gain )                               | 792                                           | ( 29 )            |
| Finance costs                                                           | 934                                           | 2,961             |
| Interest income                                                         | ( 3,861 )                                     | ( 2,898 )         |
| Gain on disposal or retirement of property,<br>plant and equipment, net | -                                             | ( 458 )           |
| Write-down of inventories ( reversal of<br>write-down of inventories )  | 7                                             | ( 86 )            |
| Gain on foreign exchange, net                                           | ( 597 )                                       | ( 1,030 )         |
| Changes in operating assets and liabilities                             |                                               |                   |
| Contract assets                                                         | ( 35,455 )                                    | 102,545           |
| Notes receivable                                                        | ( 1,614 )                                     | 9,502             |
| Accounts receivable                                                     | ( 168,336 )                                   | ( 33,171 )        |
| Other receivables                                                       | 18,539                                        | 26,300            |
| Inventories                                                             | 8,021                                         | ( 156,011 )       |
| Prepayments                                                             | 1,258                                         | ( 5,586 )         |
| Other current assets                                                    | 7,023                                         | 9,781             |
| Net defined benefit assets                                              | -                                             | ( 231 )           |
| Contract liabilities                                                    | ( 7,111 )                                     | 28,262            |
| Notes payable                                                           | -                                             | 79                |
| Accounts payable                                                        | 10,831                                        | 78,463            |
| Other payables                                                          | 6,230                                         | ( 25,368 )        |
| Other current liabilities                                               | <u>3,077</u>                                  | <u>3,061</u>      |
| Cash (used in) generated from operations                                | ( 90,303 )                                    | 118,173           |
| Interest received                                                       | 3,861                                         | 3,087             |
| Interest paid                                                           | ( 867 )                                       | ( 2,853 )         |
| Income taxes paid                                                       | ( <u>23,427</u> )                             | ( <u>15,617</u> ) |
| Net cash (used in) generated from operating activities                  | ( <u>110,736</u> )                            | <u>102,790</u>    |

(Continued)

# FORTUNE INFORMATION SYSTEMS CORP. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

|                                                                                                             | For the Nine Months Ended September 30 |                    |
|-------------------------------------------------------------------------------------------------------------|----------------------------------------|--------------------|
|                                                                                                             | 2024                                   | 2023               |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                                                 |                                        |                    |
| Proceeds from redemption upon maturity of financial assets at fair value through other comprehensive income | \$ -                                   | \$ 6,062           |
| Acquisitions of financial assets at amortized cost                                                          | ( 27,060 )                             | ( 75,138 )         |
| Proceeds from disposal of financial assets at amortized cost                                                | 64,780                                 | 54,214             |
| Acquisition of property, plant and equipment                                                                | ( 1,735 )                              | ( 2,801 )          |
| Proceeds from disposal of property, plant and equipment                                                     | 8                                      | 460                |
| Refundable deposits paid                                                                                    | ( 6,174 )                              | ( 7,910 )          |
| Acquisitions of Intangible assets                                                                           | ( 442 )                                | ( 1,071 )          |
| Net cash generated from (used in) investing activities                                                      | <u>29,377</u>                          | <u>( 26,184 )</u>  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                                                 |                                        |                    |
| Increase (decrease) in short-term borrowings                                                                | 10,000                                 | ( 125,000 )        |
| Decrease in short-term bills payable                                                                        | ( 50,000 )                             | ( 10,000 )         |
| Repayment of the principal portion of lease liabilities                                                     | ( 6,638 )                              | ( 6,199 )          |
| (Decrease) increase in other non-current liabilities                                                        | ( 2,020 )                              | 118                |
| Cash dividends paid                                                                                         | ( 55,969 )                             | ( 41,976 )         |
| Net cash used in financing activities                                                                       | <u>( 104,627 )</u>                     | <u>( 183,057 )</u> |
| <b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>                                         | <u>634</u>                             | <u>1,293</u>       |
| <b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>                                                            | ( 185,352 )                            | ( 105,158 )        |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>                                                 | <u>383,681</u>                         | <u>303,671</u>     |
| <b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>                                                       | <u>\$ 198,329</u>                      | <u>\$ 198,513</u>  |

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

**FORTUNE INFORMATION SYSTEMS CORP. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023**  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

**1. GENERAL**

Fortune Information Systems Corp.(hereinafter referred to as the "Company") was established on April 11, 1977 in Taipei City. Its main business activities include: (1) buying, selling, leasing and repairing office machines, office automation equipment, computers and other information equipment, computer peripherals, microfilm equipment, devices, and their parts, accessories and supplies; (2) system analysis and programming of computer and other information software; (3) data processing services for clients, etc.

The Company's shares were listed on the Taipei Exchange since December 4, 1999. In September 17, 2001, its shares were transferred to list on the Taiwan Stock Exchange.

As of September 30, 2024, the Company has four branches located in Taoyuan, Hsinchu, Taichung, and Kaohsiung.

The Company merged, through a simplified merger, its wholly-owned subsidiary, IPAC TECHNOLOGY CO., LTD. in December 31, 2023.

The consolidated financial statements are presented in the Company's functional currency, the New Taiwan dollar.

**2. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS**

The Board of Directors approved the consolidated financial statements on November 8, 2024.

**3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS**

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, "IFRS Accounting Standards") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the amendments to the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have a material impact on the accounting policies of the Company and its subsidiaries (collectively as the "Group").

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2025.

| New IFRSs                                      | Effective Date<br>Announced by IASB |
|------------------------------------------------|-------------------------------------|
| Amendments to IAS 21 “Lack of Exchangeability” | January 1, 2025 (Note)              |

Note: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Group shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

As of the date the consolidated financial statements were authorized for issue, the Group had assessed that the application of above standards would not have a material impact on the Group’s financial position and financial performance.

- c. The IFRS Accounting Standards in issue by IASB but not yet endorsed and issued into effect by the FSC

| New, Amended and Revised Standards and Interpretations                                                                   | Effective Date Announced by IASB ( Note 1 ) |
|--------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|
| Annual Improvements to IFRS Accounting Standards - Volume 11                                                             | January 1, 2026                             |
| Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”              | January 1, 2026                             |
| Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture” | To be determined by IASB                    |
| IFRS 17 “Insurance Contracts”                                                                                            | January 1, 2023                             |
| Amendments to IFRS 17                                                                                                    | January 1, 2023                             |
| Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”                              | January 1, 2023                             |
| IFRS 18 “Presentation and Disclosures in Financial Statements”                                                           | January 1, 2027                             |
| IFRS 19 “Subsidiaries without Public Accountability: Disclosures”                                                        | January 1, 2027                             |

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

#### IFRS 18 “Presentation and Disclosures in Financial Statements”

IFRS 18 will supersede IAS 1” Presentation of Financial Statements”. The main changes comprise:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discounted operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as ‘other’ only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of other standards and interpretations on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

#### **4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION**

##### **a. Statement of Compliance**

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual financial statements.

**b. Basis of Preparation**

The consolidated financial statements have been prepared on the historical cost basis, except for net defined benefit assets which are measured at the present value of the defined benefit obligations less the fair value of the plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- (1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- (3) Level 3 inputs are unobservable inputs for the asset or liability.

**c. Basis of Consolidation**

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (the subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statements of profit or loss and other comprehensive income from the effective date of acquisition up to the effective dates of disposal, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

Please refer to Note 11 and Table 4 for the subsidiaries' name, percentage of shares owned by the Company and main businesses.

**d. Other Material Accounting Policies**

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2023.

**(1) Current and Non-current Assets and Liabilities**

Current assets include:

- (a) Assets held primarily for the purpose of trading;
- (b) Assets expected to be realized within 12 months after the reporting period; and
- (c) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least one operating cycle after the reporting period.

Current liabilities include:

- (a) Liabilities held primarily for the purpose of trading;
- (b) Liabilities due to be settled within 12 months after the reporting period; and
- (c) It does not have substantive rights to defer settlement of the liability for at least twelve months after the reporting period.

All other assets and liabilities are classified as non-current.

(2) Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

(3) Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

(4) Non-current Assets Held for Sale

The book value of non-current assets classified as held for sale is expected to be recovered primarily through sale. Being classified as held for sale, the assets should be available for immediate sale. Being available for immediate sale means the management is committed to a planned sale and the sale is highly probable within 12 months.

## **5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

When adopting accounting policies, the management of the Group must make judgments, estimates, and assumptions based on historical experience and other relevant factors for information that is not readily available from other sources. The resulting accounting estimates and assumptions might be different from the actual results.

When the Group is developing significant accounting estimates, it incorporates the potential impact into considerations for significant estimates related to cash flow projections, growth rates, discount rates, profitability, and other relevant factors. The management will continuously review estimates and underlying assumptions.

For the summary of critical accounting judgements and key sources of estimation uncertainty, please refer to the consolidated financial statements for the year ended December 31, 2023.

## 6. CASH AND CASH EQUIVALENTS

|                                                        | September 30,<br>2024 | December 31,<br>2023 | September 30,<br>2023 |
|--------------------------------------------------------|-----------------------|----------------------|-----------------------|
| Cash on hand and revolving funds                       | \$ 393                | \$ 393               | \$ 394                |
| Checking accounts and demand deposits                  | 118,079               | 153,882              | 163,692               |
| Cash equivalents                                       |                       |                      |                       |
| Time deposits with original maturities within 3 months | -                     | -                    | 14,480                |
| Repurchase agreements                                  | <u>79,857</u>         | <u>229,406</u>       | <u>19,947</u>         |
|                                                        | <u>\$ 198,329</u>     | <u>\$ 383,681</u>    | <u>\$ 198,513</u>     |

Interest rate range during reporting period

|                                                        | September 30,<br>2024 | December 31,<br>2023 | September 30,<br>2023 |
|--------------------------------------------------------|-----------------------|----------------------|-----------------------|
| Time deposits with original maturities within 3 months | -                     | -                    | 1.16%                 |
| Repurchase agreements                                  | 1.40%~1.45%           | 1.00%                | 0.95%                 |

## 7. FINANCIAL ASSETS AT AMORTIZED COST

|                                                         | September 30,<br>2024 | December 31,<br>2023 | September 30,<br>2023 |
|---------------------------------------------------------|-----------------------|----------------------|-----------------------|
| Time deposits with original maturity more than 3 months | <u>\$ 14,670</u>      | <u>\$ 50,291</u>     | <u>\$ 48,651</u>      |

As of September 30, 2024, December 31, 2023 and September 30, 2023, with yearly interest rates of time deposits with original maturity more than 3 months is 4.00%, 4.00%~4.50% and 2.30%~4.20%, respectively.

## 8. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLE

|                                         | September 30,<br>2024 | December 31,<br>2023 | September 30,<br>2023 |
|-----------------------------------------|-----------------------|----------------------|-----------------------|
| <u>Notes receivable</u>                 |                       |                      |                       |
| Gross carrying amount at amortized cost | <u>\$ 2,828</u>       | <u>\$ 1,214</u>      | <u>\$ 7,690</u>       |
| <u>Accounts receivable</u>              |                       |                      |                       |
| Gross carrying amount at amortized cost | \$ 364,631            | \$ 196,575           | \$ 399,342            |
| Less: Unrealized interest income        | ( 387)                | ( 667)               | ( 754)                |

|                                               | September 30,<br>2024                 | December 31,<br>2023                | September 30,<br>2023               |
|-----------------------------------------------|---------------------------------------|-------------------------------------|-------------------------------------|
| Less: Allowance for<br>impairment loss        | ( <u>1,010</u> )<br><u>\$ 363,234</u> | ( <u>218</u> )<br><u>\$ 195,690</u> | ( <u>219</u> )<br><u>\$ 398,369</u> |
| Current                                       | <u>\$ 356,525</u>                     | <u>\$ 186,067</u>                   | <u>\$ 382,294</u>                   |
| Non-current                                   | <u>\$ 6,709</u>                       | <u>\$ 9,623</u>                     | <u>\$ 16,075</u>                    |
| <u>Other receivables</u>                      |                                       |                                     |                                     |
| Receivable for payment on<br>behalf of others | \$ 18,963                             | \$ 36,816                           | \$ 946                              |
| Other                                         | <u>145</u>                            | <u>831</u>                          | <u>1,336</u>                        |
|                                               | <u>\$ 19,108</u>                      | <u>\$ 37,647</u>                    | <u>\$ 2,282</u>                     |

The average credit period of receivable was 60 to 120 days. In order to mitigate credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure the recoverability of receivables. In addition, the Group reviews the recoverable amount of trade receivables at balance sheet dates to ensure that adequate allowance is provided for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk could be reasonably reduced.

The Group provides for expected credit losses which permits the use of lifetime expected loss provision for all receivable. The expected credit losses on receivable are estimated using a provision matrix by reference to the past default experience of the debtor, the debtor's current financial position, economic condition of the industry in which the debtor operates, as well as the GDP forecasts and industry outlook. According to loss patterns for different customer segment, the provision of loss allowance is based on past due status.

The Group writes off a trade receivable when there are evidences indicating that the counterparty is in severe financial difficulty and the trade receivable is considered uncollectible. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of notes and receivables based on the Group's provision matrix.

### September 30, 2024

|                                                                    | Not Past<br>Due   | Overdue<br>1-60 days | Overdue<br>61-90 days | Overdue<br>91-120 days | Overdue<br>Over 120<br>days | Total             |
|--------------------------------------------------------------------|-------------------|----------------------|-----------------------|------------------------|-----------------------------|-------------------|
| Gross carrying amount<br>(including unrealized<br>interest income) | \$ 331,537        | \$ 34,626            | \$ 24                 | \$ 81                  | \$ 804                      | \$ 367,072        |
| Loss allowance (Lifetime<br>ECLs)                                  | ( 206)            | -                    | -                     | -                      | ( 804)                      | ( 1,010)          |
| Amortized cost                                                     | <u>\$ 331,331</u> | <u>\$ 34,626</u>     | <u>\$ 24</u>          | <u>\$ 81</u>           | <u>\$ -</u>                 | <u>\$ 366,062</u> |

### December 31, 2023

|                                                                    | Not Past<br>Due   | Overdue<br>1-60 days | Overdue<br>61-90 days | Overdue<br>91-120 days | Overdue<br>Over 120<br>days | Total             |
|--------------------------------------------------------------------|-------------------|----------------------|-----------------------|------------------------|-----------------------------|-------------------|
| Gross carrying amount<br>(including unrealized<br>interest income) | \$ 191,477        | \$ 4,589             | \$ -                  | \$ -                   | \$ 1,056                    | \$ 197,122        |
| Loss allowance (Lifetime<br>ECLs)                                  | ( 44)             | -                    | -                     | -                      | ( 174)                      | ( 218)            |
| Amortized cost                                                     | <u>\$ 191,433</u> | <u>\$ 4,589</u>      | <u>\$ -</u>           | <u>\$ -</u>            | <u>\$ 882</u>               | <u>\$ 196,904</u> |

### September 30, 2023

|                                                                    | Not Past<br>Due   | Overdue<br>1-60 days | Overdue<br>61- 90 days | Overdue<br>91-120 days | Overdue<br>Over 120<br>days | Total             |
|--------------------------------------------------------------------|-------------------|----------------------|------------------------|------------------------|-----------------------------|-------------------|
| Gross carrying amount<br>(including unrealized<br>interest income) | \$ 385,130        | \$ 21,066            | \$ 82                  | \$ -                   | \$ -                        | \$ 406,278        |
| Loss allowance (Lifetime<br>ECLs)                                  | ( 203)            | ( 16)                | -                      | -                      | -                           | ( 219)            |
| Amortized cost                                                     | <u>\$ 384,927</u> | <u>\$ 21,050</u>     | <u>\$ 82</u>           | <u>\$ -</u>            | <u>\$ -</u>                 | <u>\$ 406,059</u> |

The movements of the loss allowance of receivable were as follow:

|                                                        | For the Nine Months Ended September 30 |               |
|--------------------------------------------------------|----------------------------------------|---------------|
|                                                        | 2024                                   | 2023          |
| Balance at January 1                                   | \$ 218                                 | \$ 246        |
| Add: Net remeasurement of<br>(reversal) loss allowance | <u>792</u>                             | ( 27)         |
| Balance at September 30                                | <u>\$ 1,010</u>                        | <u>\$ 219</u> |

### **9. Non-current Assets Held for Sale(December 31, 2023 and September 30, 2023 : None)**

|                                             | <u>September 30, 2024</u> |
|---------------------------------------------|---------------------------|
| Property, plant and equipment held for sale | <u>\$ 23,098</u>          |

The Group plans to sell real estate located in Hong Kong and Tainan, and is currently actively seeking buyers. Since the expected selling price is anticipated to exceed the book value of the related assets, no impairment loss has been recognized when classifying these assets as held for sale non-current assets.

## 10. INVENTORIES

|             | September 30,<br>2024 | December 31,<br>2023 | September 30,<br>2023 |
|-------------|-----------------------|----------------------|-----------------------|
| Merchandise | <u>\$ 203,170</u>     | <u>\$ 212,000</u>    | <u>\$ 359,750</u>     |

For the three months and the nine months ended September 30, 2024 and 2023, the cost of goods sold related to inventories amounted to \$364,321 thousand, \$356,277 thousand, \$1,062,531 thousand and \$1,336,511 thousand, respectively, which including the inventory (reversal of write-down) write-down totaling \$(347) thousand, \$119 thousand, \$7 thousand and \$(86) thousand, respectively.

## 11. SUBSIDIARIES

### a. Subsidiaries included in the consolidated financial statements

Entities included in the Group's consolidated financial statements were as follows:

| Investor    | Subsidiary                                        | Main Business                                | Percentage of Ownership |                      |                       | Note         |
|-------------|---------------------------------------------------|----------------------------------------------|-------------------------|----------------------|-----------------------|--------------|
|             |                                                   |                                              | September<br>30, 2024   | December<br>31, 2023 | September<br>30, 2023 |              |
| The Company | IPAC Technology CO. LTD.<br>(IPAC)                | Data Storage<br>Media Units<br>Manufacturing | -                       | -                    | 100%                  | Note 1 and 2 |
|             | Fortune Information System<br>(In') LTD. (HK FIS) | Information<br>Service                       | 100%                    | 100%                 | 100%                  | Note 1 and 3 |
|             | SBAS (HK) LTD.<br>(SBAS)                          | Information<br>Service                       | 100%                    | 100%                 | 100%                  | Note 1 and 3 |
|             | Fortune Technology System<br>Corp.<br>(FTSC)      | Information<br>Service                       | 100%                    | 100%                 | 100%                  | -            |

Note 1: Non-significant subsidiaries, and their financial statements have not been reviewed.

Note 2: The company's board of directors resolved to merge with IPAC through a simple merger on November 10, 2023. The merger's effective date is December 31, 2023. After the merger, the company will be the surviving entity, and IPAC will be the dissolving entity.

Note 3: The company's board of directors resolved to approve the dissolution and liquidation of its subsidiaries, HK FIS and SBAS on May 9, 2024.

### b. Subsidiaries excluded from the consolidated financial statements: None.

## 12. PROPERTY, PLANT AND EQUIPMENT

|                         | September 30,<br>2024 | December 31,<br>2023 | September 30,<br>2023 |
|-------------------------|-----------------------|----------------------|-----------------------|
| Land                    | \$ 136,516            | \$ 137,657           | \$ 137,657            |
| Buildings               | 69,741                | 76,397               | 77,097                |
| Miscellaneous equipment | 3,997                 | 20,066               | 21,703                |
|                         | <u>\$ 210,254</u>     | <u>\$ 234,120</u>    | <u>\$ 236,457</u>     |

Except for the recognized depreciation expenses, there was no significant purchase, disposal or impairment of the Group's property, plant and equipment for the nine months ended September 30, 2024 and 2023.

The methods that property, plant and equipment are depreciated over the estimated useful life of the asset are as below:

|                                         | Depreciation method                | Useful life |
|-----------------------------------------|------------------------------------|-------------|
| Buildings                               |                                    |             |
| Primary building                        | Straight-line basis                | 50-60 years |
| Air conditioning systems and renovation | Fixed-percentage-on-declining-base | 10-20 years |
| Decoration equipment                    | Straight-line basis                | 1-5 years   |
| Miscellaneous equipment                 | Fixed-percentage-on-declining-base | 3-20 years  |

As of September 30, 2024, December 31, 2023 and September 30, 2023, there are no cases of mortgages or pledges on property, plant and equipment.

## 13. LEASE ARRANGEMENTS

### a. Right-of-use assets

|                                                | September<br>30, 2024                      | December 31,<br>2023                      | September 30,<br>2023           |
|------------------------------------------------|--------------------------------------------|-------------------------------------------|---------------------------------|
| Carrying amount                                |                                            |                                           |                                 |
| Land                                           | \$ -                                       | \$ 424                                    | \$ 635                          |
| Buildings                                      | 2,919                                      | 7,730                                     | 9,519                           |
| Machinery and equipment                        | <u>3,596</u>                               | <u>4,980</u>                              | <u>1,293</u>                    |
|                                                | <u>\$ 6,515</u>                            | <u>\$ 13,134</u>                          | <u>\$ 11,447</u>                |
|                                                |                                            |                                           |                                 |
|                                                | For the Three Months Ended<br>September 30 | For the Nine Months Ended<br>September 30 |                                 |
|                                                | <u>2024</u>                                | <u>2023</u>                               | <u>2024</u> <u>2023</u>         |
| Additions to right-of-use assets               |                                            |                                           | <u>\$ -</u> <u>\$ 1,501</u>     |
| Depreciation charge for<br>right-of-use assets |                                            |                                           |                                 |
| Land                                           | \$ -                                       | \$ 211                                    | \$ 424      \$ 635              |
| Buildings                                      | 1,531                                      | 1,788                                     | 4,811      5,365                |
| Machinery and equipment                        | <u>462</u>                                 | <u>126</u>                                | <u>1,384</u> <u>209</u>         |
|                                                | <u>\$ 1,993</u>                            | <u>\$ 2,125</u>                           | <u>\$ 6,619</u> <u>\$ 6,209</u> |

Except for the recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the nine months ended September 30, 2024 and 2023

b. Lease liabilities

|                 | September 30,<br>2024 | December 31,<br>2023 | September 30,<br>2023 |
|-----------------|-----------------------|----------------------|-----------------------|
| Carrying amount |                       |                      |                       |
| Current         | <u>\$ 3,849</u>       | <u>\$ 8,645</u>      | <u>\$ 7,778</u>       |
| Noncurrent      | <u>\$ 2,752</u>       | <u>\$ 4,594</u>      | <u>\$ 3,772</u>       |

Range of discount rates for lease liabilities was as follows:

|                         | September 30,<br>2024 | December 31,<br>2023 | September 30,<br>2023 |
|-------------------------|-----------------------|----------------------|-----------------------|
| Land                    | -                     | 0.88%                | 0.88%                 |
| Buildings               | 0.88%~1.19%           | 0.88%~1.19%          | 0.88%~1.19%           |
| Machinery and equipment | 1.90%~1.99%           | 1.90%~1.99%          | 1.90%                 |

c. Material lease-in activities and terms

The significant leasing items of the Group involve renting land and buildings for use as offices and warehouses, with lease terms ranging from 3 to 5 years. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms. In addition, the Group applies the recognition exemption to leases of buildings and office equipment as short-term lease and certain photocopier qualifying as low-value asset leases and does not recognize right-of-use assets and lease liabilities for these leases. Other material information for leases is as follow:

|                                                           | For the Three Months Ended<br>September 30 |                     | For the Nine Months Ended<br>September 30 |                     |
|-----------------------------------------------------------|--------------------------------------------|---------------------|-------------------------------------------|---------------------|
|                                                           | 2024                                       | 2023                | 2024                                      | 2023                |
| Expenses related to short-term and low-value asset leases | <u>\$ 482</u>                              | <u>\$ 317</u>       | <u>\$ 1,401</u>                           | <u>\$ 934</u>       |
| Total cash outflow for leases                             | <u>( \$ 2,453 )</u>                        | <u>( \$ 1,766 )</u> | <u>( \$ 8,082 )</u>                       | <u>( \$ 7,162 )</u> |

## 14. INVESTMENT PROPERTIES

|           | September 30,<br>2024 | December 31,<br>2023 | September 30,<br>2023 |
|-----------|-----------------------|----------------------|-----------------------|
| Land      | <u>\$ 34,385</u>      | <u>\$ 34,385</u>     | <u>\$ 34,385</u>      |
| Buildings | <u>26,028</u>         | <u>26,532</u>        | <u>26,712</u>         |
|           | <u>\$ 60,413</u>      | <u>\$ 60,917</u>     | <u>\$ 61,097</u>      |

Except for the recognized depreciation, there was no significant purchase, disposal or impairment of the Group's investment properties for the nine months ended September 30, 2024 and 2023.

Depreciation expenses are recognized according to depreciation methods and useful life as follow:

|                                         | <u>Depreciation method</u>         | <u>Useful life</u> |
|-----------------------------------------|------------------------------------|--------------------|
| Primary building                        | Straight-line basis                | 50 years           |
| Air conditioning systems and renovation | Fixed-percentage-on-declining-base | 5-15 years         |

The fair value of investment properties held by the Group were \$258,291 thousand and \$257,212 thousand as of December 31, 2023 and 2022. The Group's management evaluated and determined that the fair value of the investment properties had not changed significantly, compared to the fair value of the investment properties as of September 30, 2024.

All investment properties of the Group are owned right and interest.

## 15. BORROWINGS

### a. Short-term borrowings

|                 | <u>September 30,<br/>2024</u> | <u>December 31,<br/>2023</u> | <u>September 30,<br/>2023</u> |
|-----------------|-------------------------------|------------------------------|-------------------------------|
| Unsecured loans | <u>\$ 40,000</u>              | <u>\$ 30,000</u>             | <u>\$ 40,000</u>              |

As of September 30, 2024, December 31, 2023 and September 30, 2023, the annual interest rates of bank unsecured loans are 1.95%, 2.08% and 1.85%~2.14%, respectively.

### b. Short-term bills payable(September 30, 2024 : None)

#### December 31, 2023

| <u>Guarantor /<br/>accepting<br/>institution</u> | <u>Face value</u> | <u>Discount<br/>amount</u> | <u>Carrying<br/>amount</u> | <u>Interest rate</u> |
|--------------------------------------------------|-------------------|----------------------------|----------------------------|----------------------|
| <u>Commercial paper</u>                          |                   |                            |                            |                      |
| Ta Ching Bill                                    | <u>\$ 50,000</u>  | <u>\$ 63</u>               | <u>\$ 49,937</u>           | 1.83%                |

#### September 30, 2023

| <u>Guarantor /<br/>accepting<br/>institution</u> | <u>Face value</u> | <u>Discount<br/>amount</u> | <u>Carrying<br/>amount</u> | <u>Interest rate</u> |
|--------------------------------------------------|-------------------|----------------------------|----------------------------|----------------------|
| <u>Commercial paper<br/>payable</u>              |                   |                            |                            |                      |
| Ta Ching Bill                                    | <u>\$ 50,000</u>  | <u>\$ 60</u>               | <u>\$ 49,940</u>           | 1.83%                |

## 16. OTHER LIABILITIES

|                                    | September 30,<br>2024 | December 31,<br>2023 | September 30,<br>2023 |
|------------------------------------|-----------------------|----------------------|-----------------------|
| Salaries and bonus payable         | \$ 72,907             | \$ 52,342            | \$ 75,080             |
| Payable for receipts under custody | 57,458                | 40,836               | 5,883                 |
| Accrued annual leave payable       | 13,694                | 14,756               | 13,379                |
| Insurance payable                  | 5,843                 | 6,268                | 6,144                 |
| Others                             | <u>13,716</u>         | <u>43,182</u>        | <u>20,308</u>         |
|                                    | <u>\$ 163,618</u>     | <u>\$ 157,384</u>    | <u>\$ 120,794</u>     |

## 17. RETIREMENT BENEFIT PLANS

Employee benefit expenses in respect of the Group's defined benefit retirement plans were calculated using the actuarially determined person cost discount rate as of December 31, 2023 and 2022. For the three months and the nine months ended September 30, 2024 and 2023, the Group recognized \$0 thousand, \$77 thousand, \$0 thousand and \$231 thousand, respectively.

## 18. EQUITY

### a. Common shares

|                                                      | September 30,<br>2024 | December 31,<br>2023 | September 30,<br>2023 |
|------------------------------------------------------|-----------------------|----------------------|-----------------------|
| Number of shares authorized (in thousand)            | <u>107,000</u>        | <u>107,000</u>       | <u>107,000</u>        |
| Shares authorized                                    | <u>\$ 1,070,000</u>   | <u>\$ 1,070,000</u>  | <u>\$ 1,070,000</u>   |
| Number of shares issued and fully paid (in thousand) | <u>69,961</u>         | <u>69,961</u>        | <u>69,961</u>         |
| Shares capital                                       | <u>\$ 699,612</u>     | <u>\$ 699,612</u>    | <u>\$ 699,612</u>     |

### b. Capital surplus

|                                          | September 30,<br>2024 | December 31,<br>2023 | September 30,<br>2023 |
|------------------------------------------|-----------------------|----------------------|-----------------------|
| Arising from issuance of common shares   | \$ 37,105             | \$ 37,105            | \$ 37,105             |
| Arising from treasury share transactions | <u>25,256</u>         | <u>25,256</u>        | <u>25,256</u>         |
|                                          | <u>\$ 62,361</u>      | <u>\$ 62,361</u>     | <u>\$ 62,361</u>      |

Capital surplus generated from the excess of the issue price over the par value of capital stock(including the issuance of common stock and treasury share transactions above face value, etc.), may used to offset a deficit, in addition, when the Company have no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital , however, when capital is allocated, it is limited to a certain percentage of the Company's capital surplus and once a year.

c. Retained earnings and dividend policy

The Company's Articles of Incorporation provide that appropriation for legal reserve should be made at 10% of annual net income, less any accumulated deficit. From the remainder of the net income, appropriation for special reserve will be made based on relevant laws and regulations. Any further remaining profits plus unappropriated earnings shall be distributed in accordance with the proposal submitted by the Board of Directors for approval at a stockholders' meeting. For the policies on distribution compensation of employees, please refer to Note 20(f).

The Company is currently in the growth phase of its industry life cycle, and in order to consider the future funding needs of the Company and meet the needs of shareholders for cash inflows, if there are undistributed profits after the annual settlement, not less than 60% of the net income shall be distributed as dividends to shareholders, of which cash dividends shall not exceed 50% of the total cash and stock dividends paid out during the year. However, when the earnings per share for the year are less than NT\$ 3, the proportion of cash dividends paid out may be increased to a maximum of 100%.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's paid-in capital. Legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

According to the regulations on special reserve allocation, the Company has in accordance with "First-time Adoption of International Financial Reporting Standards" set aside amount to special reserve. If the amount of special reserves already allocated differs from the net amount of other equity reductions, the company should make additional allocations to special reserves to cover the difference. Any subsequent reversals of other equity reductions can be as undistributed retained earnings.

The appropriation of earnings for 2023 and 2022, which was resolved by the Company's shareholders' meeting on June 18, 2024 and June 19, 2023, was as follows:

|                 | Appropriation of Earnings |          | Dividend Per Share<br>(NT\$) |        |
|-----------------|---------------------------|----------|------------------------------|--------|
|                 | 2023                      | 2022     | 2023                         | 2022   |
| Legal reserve   | \$ 7,770                  | \$ 7,090 |                              |        |
| Special reserve | 202                       | ( 6,411) |                              |        |
| Cash dividends  | 55,969                    | 41,976   | \$ 0.8                       | \$ 0.6 |

## 19. REVENUE

### a. Contract balances

|                                  | September<br>30, 2024 | December 31,<br>2023 | September<br>30, 2023 | January 1,<br>2023 |
|----------------------------------|-----------------------|----------------------|-----------------------|--------------------|
| Accounts receivables<br>(Note 8) | <u>\$ 363,234</u>     | <u>\$ 195,690</u>    | <u>\$ 398,369</u>     | <u>\$ 365,171</u>  |
| Contract assets                  | <u>\$ 604,999</u>     | <u>\$ 569,544</u>    | <u>\$ 533,888</u>     | <u>\$ 636,433</u>  |
| Contract liability               | <u>\$ 82,485</u>      | <u>\$ 89,596</u>     | <u>\$ 122,709</u>     | <u>\$ 94,447</u>   |

The Group measures the loss allowance for contract assets at an amount equal to lifetime ECLs. The contract assets will be transferred to accounts receivable when the corresponding invoice is billed to the client, and the contract assets have substantially the same risk as the trade receivables. Therefore, the Group concluded that the expected loss rates for trade receivables can be applied to the contract assets.

|                       | September 30, 2024 | December 31, 2023 | September 30, 2023 |
|-----------------------|--------------------|-------------------|--------------------|
| Gross carrying amount | \$ 604,999         | \$ 569,544        | \$ 533,888         |
| Loss allowance        | <u>-</u>           | <u>-</u>          | <u>-</u>           |
|                       | <u>\$ 604,999</u>  | <u>\$ 569,544</u> | <u>\$ 533,888</u>  |

### b. Revenue from contracts with customers

|                                                             | For the Three Months Ended<br>September 30 |                   | For the Nine Months Ended<br>September 30 |                     |
|-------------------------------------------------------------|--------------------------------------------|-------------------|-------------------------------------------|---------------------|
|                                                             | 2024                                       | 2023              | 2024                                      | 2023                |
| Type of products or<br>services                             |                                            |                   |                                           |                     |
| Revenue from the sale of<br>goods and system<br>integration | \$ 404,795                                 | \$ 406,806        | \$ 1,221,232                              | \$ 1,524,120        |
| Revenue from rendering<br>of services                       | <u>135,937</u>                             | <u>77,718</u>     | <u>415,500</u>                            | <u>227,409</u>      |
|                                                             | <u>\$ 540,732</u>                          | <u>\$ 484,524</u> | <u>\$ 1,636,732</u>                       | <u>\$ 1,751,529</u> |

## 20. NET INCOME

### a. Other gains and losses

|                                                         | For the Three Months Ended<br>September 30 |               | For the Nine Months Ended<br>September 30 |               |
|---------------------------------------------------------|--------------------------------------------|---------------|-------------------------------------------|---------------|
|                                                         | 2024                                       | 2023          | 2024                                      | 2023          |
| Net foreign exchange<br>(losses) gains                  | ( \$ 11 )                                  | \$ 102        | \$ 324                                    | ( \$ 43 )     |
| Gain on disposal of<br>property, plant and<br>equipment | -                                          | 12            | -                                         | 458           |
| Others                                                  | <u>1,843</u>                               | <u>40</u>     | <u>-</u>                                  | <u>2</u>      |
|                                                         | <u>\$ 1,832</u>                            | <u>\$ 154</u> | <u>\$ 324</u>                             | <u>\$ 417</u> |

b. Interest income

|                           | For the Three Months Ended<br>September 30 |                 | For the Nine Months Ended<br>September 30 |                 |
|---------------------------|--------------------------------------------|-----------------|-------------------------------------------|-----------------|
|                           | 2024                                       | 2023            | 2024                                      | 2023            |
| Bank deposits             | \$ 806                                     | \$ 718          | \$ 3,175                                  | \$ 2,080        |
| Debt instrument at FVTOCI | -                                          | -               | -                                         | 22              |
| Others                    | <u>193</u>                                 | <u>312</u>      | <u>686</u>                                | <u>796</u>      |
|                           | <u>\$ 999</u>                              | <u>\$ 1,030</u> | <u>\$ 3,861</u>                           | <u>\$ 2,898</u> |

c. Finance costs

|                                       | For the Three Months Ended<br>September 30 |               | For the Nine Months Ended<br>September 30 |                 |
|---------------------------------------|--------------------------------------------|---------------|-------------------------------------------|-----------------|
|                                       | 2024                                       | 2023          | 2024                                      | 2023            |
| Interest expense on lease liabilities | \$ 28                                      | \$ 32         | \$ 101                                    | \$ 102          |
| Interest expense on bank loans        | <u>114</u>                                 | <u>571</u>    | <u>833</u>                                | <u>2,859</u>    |
|                                       | <u>\$ 142</u>                              | <u>\$ 603</u> | <u>\$ 934</u>                             | <u>\$ 2,961</u> |

d. Depreciation and amortization

|                                         | For the Three Months Ended<br>September 30 |                 | For the Nine Months Ended<br>September 30 |                  |
|-----------------------------------------|--------------------------------------------|-----------------|-------------------------------------------|------------------|
|                                         | 2024                                       | 2023            | 2024                                      | 2023             |
| Property, plant and equipment           | \$ 1,375                                   | \$ 1,417        | \$ 3,877                                  | \$ 4,625         |
| Right-of-use assets                     | 1,993                                      | 2,125           | 6,619                                     | 6,209            |
| Investment property                     | 164                                        | 190             | 504                                       | 604              |
| Other intangible assets                 | <u>277</u>                                 | <u>374</u>      | <u>1,331</u>                              | <u>838</u>       |
| Total                                   | <u>\$ 3,809</u>                            | <u>\$ 4,106</u> | <u>\$ 12,331</u>                          | <u>\$ 12,276</u> |
| An analysis of depreciation by function |                                            |                 |                                           |                  |
| Operating costs                         | \$ 2,262                                   | \$ 1,930        | \$ 6,610                                  | \$ 5,825         |
| Operating expenses                      | <u>1,270</u>                               | <u>1,802</u>    | <u>4,390</u>                              | <u>5,613</u>     |
|                                         | <u>\$ 3,532</u>                            | <u>\$ 3,732</u> | <u>\$ 11,000</u>                          | <u>\$ 11,438</u> |
| An analysis of amortization by function |                                            |                 |                                           |                  |
| Operating costs                         | \$ 83                                      | \$ 38           | \$ 196                                    | \$ 62            |
| Selling expenses                        | -                                          | -               | 372                                       | -                |
| Administrative expenses                 | <u>194</u>                                 | <u>336</u>      | <u>763</u>                                | <u>776</u>       |
|                                         | <u>\$ 277</u>                              | <u>\$ 374</u>   | <u>\$ 1,331</u>                           | <u>\$ 838</u>    |

e. Employee benefits expenses

|                                                      | For the Three Months Ended<br>September 30 |                  | For the Nine Months Ended<br>September 30 |                   |
|------------------------------------------------------|--------------------------------------------|------------------|-------------------------------------------|-------------------|
|                                                      | 2024                                       | 2023             | 2024                                      | 2023              |
| Short-term employee benefits                         |                                            |                  |                                           |                   |
| Salary                                               | \$ 72,460                                  | \$ 74,748        | \$ 237,934                                | \$ 239,428        |
| Labor and health insurance                           | 7,381                                      | 7,722            | 21,736                                    | 23,211            |
| Others                                               | <u>4,040</u>                               | <u>4,067</u>     | <u>11,481</u>                             | <u>12,456</u>     |
|                                                      | <u>83,881</u>                              | <u>86,537</u>    | <u>271,151</u>                            | <u>275,095</u>    |
| Post-employment benefits                             |                                            |                  |                                           |                   |
| Defined contribution plans                           | 3,483                                      | 3,860            | 10,572                                    | 11,256            |
| Defined benefit plans (Note 17)                      | <u>-</u>                                   | <u>( 77 )</u>    | <u>-</u>                                  | <u>( 231 )</u>    |
|                                                      | <u>3,483</u>                               | <u>3,783</u>     | <u>10,572</u>                             | <u>11,025</u>     |
| Total employee benefits expenses                     | <u>\$ 87,364</u>                           | <u>\$ 90,320</u> | <u>\$ 281,723</u>                         | <u>\$ 286,120</u> |
| An analysis of employee benefits expense by function |                                            |                  |                                           |                   |
| Operating costs                                      | \$ 58,283                                  | \$ 60,695        | \$ 179,121                                | \$ 177,277        |
| Operating expenses                                   | <u>29,081</u>                              | <u>29,625</u>    | <u>102,602</u>                            | <u>108,843</u>    |
|                                                      | <u>\$ 87,364</u>                           | <u>\$ 90,320</u> | <u>\$ 281,723</u>                         | <u>\$ 286,120</u> |

f. Compensation of employees

According to the Company's articles of incorporation, the Company do not have to accrue remuneration of directors. The compensation of employees is accrued at the rate of 6% of net profit before income tax. For the three months and the nine months ended September 30, 2024 and 2023, The estimate of compensation of employees were as follows:

Compensation of employees

|               | For the Three Months Ended<br>September 30 |                 | For the Nine Months Ended<br>September 30 |                 |
|---------------|--------------------------------------------|-----------------|-------------------------------------------|-----------------|
|               | 2024                                       | 2023            | 2024                                      | 2023            |
| Estimate Rate |                                            |                 | 6%                                        | 6%              |
| Amount        | <u>\$996</u>                               | <u>\$ 1,048</u> | <u>\$3,361</u>                            | <u>\$ 3,928</u> |

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in accounting estimate.

The compensation of employees for the years ended December 31, 2023 and 2022, which were resolved by the Company's board of directors on March 14, 2024 and March 24, 2023, respectively, are as follows:

|                           | 2023            |                   | 2022            |                   |
|---------------------------|-----------------|-------------------|-----------------|-------------------|
|                           | Cash            | Estimate Rate (%) | Cash            | Estimate Rate (%) |
| Compensation of employees | <u>\$ 5,680</u> | 6                 | <u>\$ 4,611</u> | 6                 |

There is no difference between the actual amounts of employees' compensation paid and amounts recognized in the consolidated financial statements for the years ended December 31, 2023 and 2022.

Information on the employees' compensation resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

## 21. INCOME TAXES

### a. Income tax recognized in profit or loss

Major components of tax expense were as follows:

|                                                 | For the Three Months Ended<br>September 30 |                 | For the Nine Months Ended<br>September 30 |                  |
|-------------------------------------------------|--------------------------------------------|-----------------|-------------------------------------------|------------------|
|                                                 | 2024                                       | 2023            | 2024                                      | 2023             |
| Current tax                                     |                                            |                 |                                           |                  |
| In respect of the period                        | \$ 7,845                                   | \$ 3,485        | \$ 16,340                                 | \$ 13,711        |
| Income tax on unappropriated earnings           | -                                          | -               | 688                                       | 1,484            |
| Prior years' adjustments                        | <u>-</u>                                   | <u>-</u>        | <u>-</u>                                  | <u>( 40 )</u>    |
|                                                 | <u>7,845</u>                               | <u>3,485</u>    | <u>17,028</u>                             | <u>15,155</u>    |
| Deferred tax                                    |                                            |                 |                                           |                  |
| In respect of the period                        | <u>435</u>                                 | <u>16</u>       | <u>-</u>                                  | <u>41</u>        |
| Income tax expense recognized in profit or loss | <u>\$ 8,280</u>                            | <u>\$ 3,501</u> | <u>\$ 17,028</u>                          | <u>\$ 15,196</u> |

### b. Income tax recognized in other comprehensive income(loss)

|                                                      | For the Three Months Ended<br>September 30 |             | For the Nine Months Ended<br>September 30 |             |
|------------------------------------------------------|--------------------------------------------|-------------|-------------------------------------------|-------------|
|                                                      | 2024                                       | 2023        | 2024                                      | 2023        |
| <u>Current deferred tax</u>                          |                                            |             |                                           |             |
| Unrealized gain (loss) on financial assets at FVTOCI | <u>\$ -</u>                                | <u>\$ -</u> | <u>\$ -</u>                               | <u>\$ 1</u> |

### c. Income tax examinations

Income tax returns of the Company and its subsidiary have been assessed by the tax authorities were as follows:

| Company     | Year |
|-------------|------|
| The Company | 2022 |
| FTSC        | 2022 |

## 22. EARNINGS PER SHARE

The earnings and weighted average number of common shares used for calculation of earnings per share were as follows:

### Net income

|                                                                       | For the Three Months Ended<br>September 30 |                  | For the Nine Months Ended<br>September 30 |                  |
|-----------------------------------------------------------------------|--------------------------------------------|------------------|-------------------------------------------|------------------|
|                                                                       | 2024                                       | 2023             | 2024                                      | 2023             |
| Earnings used for calculation of basic and diluted earnings per share | <u>\$ 8,491</u>                            | <u>\$ 14,434</u> | <u>\$ 40,600</u>                          | <u>\$ 54,615</u> |

### Shares (in thousands)

|                                                                                             | For the Three Months Ended<br>September 30 |               | For the Nine Months Ended<br>September 30 |               |
|---------------------------------------------------------------------------------------------|--------------------------------------------|---------------|-------------------------------------------|---------------|
|                                                                                             | 2024                                       | 2023          | 2024                                      | 2023          |
| Weighted average number of common shares used for calculation of basic earnings per share   | 69,961                                     | 69,961        | 69,961                                    | 69,961        |
| Effect of potentially dilutive common shares:                                               |                                            |               |                                           |               |
| Employees' compensation                                                                     | <u>144</u>                                 | <u>127</u>    | <u>198</u>                                | <u>181</u>    |
| Weighted average number of common shares used for calculation of diluted earnings per share | <u>70,105</u>                              | <u>70,088</u> | <u>70,159</u>                             | <u>70,142</u> |

If the Group offered to settle bonuses paid to employees in cash or shares, the Company assumed the entire amount of the compensation or bonus would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

## 23. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure the entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of equity of the Group (comprising issued capital, reserves, retained earnings, and other equity).

The Group is not subject to any other external capital requirements.

## 24. FINANCIAL INSTRUMENTS

### a. Fair value of financial instruments not measured at fair value

The management of the Company considers that the carrying amount of financial assets and financial liabilities, which are not measured at fair value, is close to their fair value.

### b. Category of financial instruments

|                              | September 30,<br>2024 | December 31,<br>2023 | September 30,<br>2023 |
|------------------------------|-----------------------|----------------------|-----------------------|
| <u>Financial assets</u>      |                       |                      |                       |
| Amortized cost (Note 1)      | \$ 772,717            | \$ 836,897           | \$ 828,144            |
| <u>Financial liabilities</u> |                       |                      |                       |
| Amortized cost (Note 2)      | 612,140               | 635,012              | 732,190               |

Note 1: The balance includes financial assets measured at amortized cost, which comprise cash and cash equivalents, time deposit, note receivables, account receivables (including noncurrent), other receivables, and refundable deposits.

Note 2: The balance includes financial liabilities measured at amortized cost which comprise short-term loans and bills payables, note payables, accounts payables, other payables and guarantee deposits.

### c. Financial risk management objectives and policies

The main financial instruments of the Group include debt instrument investments, notes and account receivables, notes and account payables, loans, and lease liabilities. The financial management department of the Group provides services for the business units, coordinates the operation of the domestic financial market, and supervises and manages financial risks related to the operation of the Group by analyzing the internal risk reports of the risks according to the level and scope of risks. Such risks include market risk (foreign exchange risk and interest rate risk), credit risk and liquidity risk.

#### (1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

##### (a) Foreign currency risk

The Group had foreign financial instrument investments, which exposed the Group to exchange rate risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities of non-functional currency calculated (including those eliminated on consolidation) at the end of the reporting period are set out in Note 27.

#### Sensitivity analysis

The Group was mainly exposed to USD and RMB fluctuations.

The following table details the Group's sensitivity to a 5% increase and decrease in New Taiwan dollars and the Hong Kong dollars (the functional currency) against the relevant foreign currencies 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. The sensitivity analysis related to foreign currency exchange rate risk mainly focuses on the calculation of foreign currency monetary items as of the reporting period end date.

|                   | USD Impact                                 |               | RMB Impact                                |              |
|-------------------|--------------------------------------------|---------------|-------------------------------------------|--------------|
|                   | For the Three Months Ended<br>September 30 |               | For the Nine Months Ended<br>September 30 |              |
|                   | 2024                                       | 2023          | 2024                                      | 2023         |
| Profit or<br>loss | <u>\$ 74</u>                               | <u>\$ 229</u> | <u>\$ 81</u>                              | <u>\$ 66</u> |

#### (b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrowed funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings. The Group regularly assesses its hedging activities to ensure they align with interest rate views and established risk preferences, in order to ensure the use of the most cost-effective hedging strategies.

The carrying amount of the Group's financial assets and financial liabilities with exposure to interest rate risk at the end of the reporting period were as follows:

|                               | September 30,<br>2024 | December 31,<br>2023 | September 30,<br>2023 |
|-------------------------------|-----------------------|----------------------|-----------------------|
| Fair value interest rate risk |                       |                      |                       |
| — Financial assets            | \$ 94,527             | \$ 279,697           | \$ 83,078             |
| — Financial liabilities       | 46,601                | 93,176               | 101,490               |
| Cash flow interest rate risk  |                       |                      |                       |
| — Financial assets            | 48,886                | 43,603               | 56,668                |

#### Sensitivity analysis

If interest rates had been 5% higher/lower and all other variables were held constant, the Group's pre-tax profit for the nine months ended September 30, 2024 and 2023 would decrease/increase by \$1,833 thousands and \$2,125 thousands, respectively.

## (2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. As at the end of the reporting years, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to failure of counterparties to discharge an obligation and financial guarantees provided by the Group could arise from:

- (a) The carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets
- (b) The amount of contingent liabilities in relation to financial guarantees issued by the Group.

The policy that the Group adopts is to only make transactions with reputable targets, and the Group will obtain full collateral when necessary so as to reduce the risk of financial loss owing to delinquency. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management specialists annually.

To lower the credit risk, management of the merged company appoints a specific team to handle decisions on credit limits, credit approval and other monitoring procedures to ensure that appropriate actions are taken to recover overdue receivables. In addition, the Group would review the

recoverable amount of each receivables on the consolidated balance sheet dates to ensure that impairment loss is recognized for unrecoverable receivables. As a result, the Group's management concludes that the credit risk of the Group is significantly reduced.

The Group continuously evaluates the financial condition of accounts receivable customers and will purchase credit insurance contracts if necessary.

The Group does not hold any collateral or other credit enhancement instruments to mitigate credit risk of financial assets.

### (3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

As of September 30, 2024, December 31, 2023, and September 30, 2023, the Group had available unutilized bank loan facilities set out in (b) below.

#### a. Liquidity and interest rate risk tables for non-derivative financial liabilities

The remaining contractual maturity analysis of non-derivative financial liabilities was based on the earliest date at which the Group might be required to repay and was compiled based on the undiscounted cash flows of financial liabilities (including principal and estimated interest). Therefore, the maturity analysis of non-derivative financial liabilities was compiled in accordance with the agreed repayment date.

#### September 30, 2024

|                                   | On Demand<br>or Less than 1<br>Month | 1-3 Months        | 3 Months to 1<br>Year | 1-5 year        |
|-----------------------------------|--------------------------------------|-------------------|-----------------------|-----------------|
| <u>Non-derivative</u>             |                                      |                   |                       |                 |
| <u>financial liabilities</u>      |                                      |                   |                       |                 |
| Non-interest bearing              | \$ 124,019                           | \$ 113,936        | \$ 333,220            | \$ 1,175        |
| Lease liabilities                 | 676                                  | 1,353             | 1,887                 | 2,778           |
| Fixed interest rate<br>instrument | 40,054                               | -                 | -                     | -               |
|                                   | <u>\$ 164,749</u>                    | <u>\$ 115,289</u> | <u>\$ 355,107</u>     | <u>\$ 3,953</u> |

## December 31, 2023

|                                                 | On Demand<br>or Less than 1<br>Month | 1-3 Months        | 3 Months to 1<br>Year | Over 1 year     |
|-------------------------------------------------|--------------------------------------|-------------------|-----------------------|-----------------|
| <u>Non-derivative<br/>financial liabilities</u> |                                      |                   |                       |                 |
| Non-interest bearing                            | \$ 235,616                           | \$ 114,040        | \$ 198,757            | \$ 3,195        |
| Lease liabilities                               | 784                                  | 1,570             | 6,414                 | 4,664           |
| Fixed interest rate<br>instrument               | <u>50,052</u>                        | <u>104</u>        | <u>30,148</u>         | <u>-</u>        |
|                                                 | <u>\$ 286,452</u>                    | <u>\$ 115,714</u> | <u>\$ 235,319</u>     | <u>\$ 7,859</u> |

## September 30, 2023

|                                                 | On Demand<br>or Less than 1<br>Month | 1-3 Months        | 3 Months to 1<br>Year | Over 1 year     |
|-------------------------------------------------|--------------------------------------|-------------------|-----------------------|-----------------|
| <u>Non-derivative<br/>financial liabilities</u> |                                      |                   |                       |                 |
| Non-interest bearing                            | \$ 200,385                           | \$ 134,900        | \$ 300,618            | \$ 3,324        |
| Lease liabilities                               | 719                                  | 1,439             | 5,699                 | 3,808           |
| Fixed interest rate<br>instrument               | <u>60,129</u>                        | <u>30,041</u>     | <u>-</u>              | <u>-</u>        |
|                                                 | <u>\$ 261,233</u>                    | <u>\$ 166,380</u> | <u>\$ 306,317</u>     | <u>\$ 7,132</u> |

The operating capital of the Group is sufficient to support its operations, and therefore there is no concern of a shortage of funds.

### b. Financing facilities

|                           | September 30,<br>2024 | December 31,<br>2023 | September 30,<br>2023 |
|---------------------------|-----------------------|----------------------|-----------------------|
| Unsecured bank facilities |                       |                      |                       |
| — Amount used             | \$ 122,544            | \$ 148,370           | \$ 164,970            |
| — Amount unused           | <u>559,102</u>        | <u>603,276</u>       | <u>516,676</u>        |
|                           | <u>\$ 681,646</u>     | <u>\$ 751,646</u>    | <u>\$ 681,646</u>     |

## 25. RELATED-PARTY TRANSACTIONS

The ultimate parent company of the Company is Good Idea Global Limited. Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed below.

### a. Related party name and category

| <u>Related Party Name</u>                | <u>Related Party Category</u>                         |
|------------------------------------------|-------------------------------------------------------|
| CECGP Electronics Corp. (CECGP)          | Investor with significant influence<br>over the Group |
| Fullcourt Sports Ltd. (Fullcourt Sports) | Brother corporation                                   |

b. Operating revenue

| Account Item      | Related Party Category/Name                        | For the Three Months Ended<br>September 30 |               | For the Nine Months Ended<br>September 30 |                 |
|-------------------|----------------------------------------------------|--------------------------------------------|---------------|-------------------------------------------|-----------------|
|                   |                                                    | 2024                                       | 2023          | 2024                                      | 2023            |
| Operating revenue | Investor with significant influence over the Group | \$ 458                                     | \$ 512        | \$ 5,666                                  | \$ 1,157        |
|                   | Brother corporation                                | <u>117</u>                                 | <u>-</u>      | <u>803</u>                                | <u>-</u>        |
|                   |                                                    | <u>\$ 575</u>                              | <u>\$ 512</u> | <u>\$ 6,469</u>                           | <u>\$ 1,157</u> |

The terms of the transactions with related parties were not significantly different from those with unrelated parties.

c. Contract assets

| Account Items   | Related Party Category/Name                        | September 30,<br>2024 | December 31,<br>2023 | September 30,<br>2023 |
|-----------------|----------------------------------------------------|-----------------------|----------------------|-----------------------|
| Contract assets | Investor with significant influence over the Group | <u>\$ 4,595</u>       | <u>\$ 58</u>         | <u>\$ -</u>           |

The Group did not recognize allowance loss for the contract assets from related parties for the nine months ended September 30, 2024 and 2023.

d. Receivables from related parties

| Account Items       | Related Party Category/Name                        | September 30,<br>2024 | December 31,<br>2023 | September 30,<br>2023 |
|---------------------|----------------------------------------------------|-----------------------|----------------------|-----------------------|
| Accounts receivable | Investor with significant influence over the Group | <u>\$ 298</u>         | <u>\$ 178</u>        | <u>\$ 534</u>         |

The Group did not obtain guarantees for receivables from related parties. The Group did not recognize allowance loss for receivables from related parties for the nine months ended September 30, 2024 and 2023.

e. Contract liabilities

| Account Items        | Related Party Category/Name | September 30,<br>2024 | December 31,<br>2023 | September 30,<br>2023 |
|----------------------|-----------------------------|-----------------------|----------------------|-----------------------|
| Contract liabilities | Brother corporation         | <u>\$ 550</u>         | <u>\$ -</u>          | <u>\$ -</u>           |

f. Lease agreements

| Account Items     | Related Party Category/Name                        | September 30,<br>2024 | December 31,<br>2023 | September 30,<br>2023 |
|-------------------|----------------------------------------------------|-----------------------|----------------------|-----------------------|
| Lease liabilities | Investor with significant influence over the Group | <u>\$ 1,400</u>       | <u>\$ 5,580</u>      | <u>\$ 6,967</u>       |

| Account Items     | Related Party Category/Name                        | For the Three Months Ended September 30 |              | For the Nine Months Ended September 30 |              |
|-------------------|----------------------------------------------------|-----------------------------------------|--------------|----------------------------------------|--------------|
|                   |                                                    | 2024                                    | 2023         | 2024                                   | 2023         |
| Interest expenses | Investor with significant influence over the Group | <u>\$ 5</u>                             | <u>\$ 16</u> | <u>\$ 22</u>                           | <u>\$ 58</u> |
| Lease expenses    | Investor with significant influence over the Group | <u>\$ 15</u>                            | <u>\$ 34</u> | <u>\$ 38</u>                           | <u>\$ 91</u> |

The Company pays building rental to related parties once a month or every two months, with reference to local rental rates.

g. Endorsements/guarantees provided

The amount that the Company provides endorsements/guarantees for its subsidiary is as follow:

|      | <u>September 30, 2024</u> | <u>December 31, 2023</u> | <u>September 30, 2023</u> |
|------|---------------------------|--------------------------|---------------------------|
| FTSC | <u>\$ 300,000</u>         | <u>\$ 300,000</u>        | <u>\$ 300,000</u>         |

h. Compensation of key management personnel

|                              | For the Three Months Ended September 30 |                 | For the Nine Months Ended September 30 |                  |
|------------------------------|-----------------------------------------|-----------------|----------------------------------------|------------------|
|                              | 2024                                    | 2023            | 2024                                   | 2023             |
| Short-term employee benefits | \$ 7,015                                | \$ 6,730        | \$ 17,722                              | \$ 21,289        |
| Post-employment benefits     | <u>102</u>                              | <u>162</u>      | <u>304</u>                             | <u>514</u>       |
|                              | <u>\$ 7,117</u>                         | <u>\$ 6,892</u> | <u>\$ 18,026</u>                       | <u>\$ 21,803</u> |

The compensation of the board members and the Group's management is determined by the remuneration committee based on personal performances and market conditions.

## 26. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

End of the reporting period, the amount of the guarantee issued through financial institutions by the Group are as follow:

|                                 | <u>September 30, 2024</u> | <u>December 31, 2023</u> | <u>September 30, 2023</u> |
|---------------------------------|---------------------------|--------------------------|---------------------------|
| Financial institution guarantee | <u>\$ 82,544</u>          | <u>\$ 68,370</u>         | <u>\$ 74,970</u>          |

## 27. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group entities' significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

| September 30, 2024      |                                      |                   |                                   |
|-------------------------|--------------------------------------|-------------------|-----------------------------------|
|                         | Foreign Currencies<br>(In Thousands) | Exchange Rate     | Carrying Amount<br>(In Thousands) |
| <u>Financial assets</u> |                                      |                   |                                   |
| <u>Monetary items</u>   |                                      |                   |                                   |
| USD                     | \$ 15                                | 31.65 (USD : NTD) | \$ 475                            |
| USD                     | 32                                   | 7.77 (USD : HKD)  | 1,013                             |
| RMB                     | 356                                  | 4.52 (RMB : NTD)  | <u>1,610</u>                      |
|                         |                                      |                   | <u>\$ 3,098</u>                   |

| December 31, 2023       |                                      |                   |                                   |
|-------------------------|--------------------------------------|-------------------|-----------------------------------|
|                         | Foreign Currencies<br>(In Thousands) | Exchange Rate     | Carrying Amount<br>(In Thousands) |
| <u>Financial assets</u> |                                      |                   |                                   |
| <u>Monetary items</u>   |                                      |                   |                                   |
| USD                     | \$ 115                               | 30.71 (USD : NTD) | \$ 3,531                          |
| USD                     | 32                                   | 7.82 (USD : HKD)  | 983                               |
| RMB                     | 299                                  | 4.33 (RMB : NTD)  | <u>1,294</u>                      |
|                         |                                      |                   | <u>\$ 5,808</u>                   |

| September 30, 2023      |                                      |                   |                                   |
|-------------------------|--------------------------------------|-------------------|-----------------------------------|
|                         | Foreign Currencies<br>(In Thousands) | Exchange Rate     | Carrying Amount<br>(In Thousands) |
| <u>Financial assets</u> |                                      |                   |                                   |
| <u>Monetary items</u>   |                                      |                   |                                   |
| USD                     | \$ 110                               | 32.27 (USD : NTD) | \$ 3,550                          |
| USD                     | 32                                   | 7.83 (USD : HKD)  | 1,033                             |
| RMB                     | 299                                  | 4.42 (RMB : NTD)  | <u>1,320</u>                      |
|                         |                                      |                   | <u>\$ 5,903</u>                   |

The Group is mainly exposed to the USD. The following information was summarized according to the foreign currencies other than the functional currency of the Company. The exchange rates disclosed were used to translate the foreign currencies into the functional currency. The significant (realized and unrealized) financial assets and liabilities denominated in foreign currencies were as follows:

| For the Three Months Ended September 30 |                                                 |                                 |                                                 |                                 |
|-----------------------------------------|-------------------------------------------------|---------------------------------|-------------------------------------------------|---------------------------------|
| Functional<br>Currency                  | 2024                                            |                                 | 2023                                            |                                 |
|                                         | Functional currency to<br>presentation currency | Net exchange<br>gains or losses | Functional currency to<br>presentation currency | Net exchange<br>gains or losses |
| NTD                                     | 1 (NTD : NTD)                                   | (\$ 11)                         | 1 (NTD : NTD)                                   | \$ 106                          |
| HKD                                     | 4.08 (HKD : NTD)                                | <u>(\$ 11)</u>                  | 4.05 (HKD : NTD)                                | <u>( \$ 4)</u>                  |
|                                         |                                                 |                                 |                                                 | <u>\$ 102</u>                   |

| For the Nine Months Ended September 30 |                                                 |                                 |                                                 |                                 |  |
|----------------------------------------|-------------------------------------------------|---------------------------------|-------------------------------------------------|---------------------------------|--|
| Functional<br>Currency                 | 2024                                            |                                 | 2023                                            |                                 |  |
|                                        | Functional currency to<br>presentation currency | Net exchange<br>gains or losses | Functional currency to<br>presentation currency | Net exchange<br>gains or losses |  |
| NTD                                    | 1 (NTD : NTD)                                   | \$ 342                          | 1 (NTD : NTD)                                   | ( \$ 17 )                       |  |
| HKD                                    | 4.1 (HKD : NTD)                                 | ( 18 )                          | 3.95 (HKD : NTD)                                | ( 26 )                          |  |
|                                        |                                                 | <u>\$ 324</u>                   |                                                 | <u>( \$ 43 )</u>                |  |

## 28. ADDITIONAL DISCLOSURES

### a. Information on significant transactions

- (1) Financings provided: Table 1.
- (2) Endorsement/guarantee provided: Table 2.
- (3) Marketable securities held (excluding investments in subsidiaries): None.
- (4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None.
- (5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None.
- (6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
- (7) Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: None.
- (8) Receivables from related parties of at least NT\$100 million or 20% of the paid-in capital: None.
- (9) Trading in derivative instruments: None.
- (10) Business relationships between the parent and the subsidiaries and significant intercompany transactions: Table 3.

### b. Information on investees: Table 4.

### c. Information on investments in mainland China

- (1) The names of investees in mainland China, the main businesses and products, issued capital, method of investment, information on inflow or outflow of capital, ownership, net income or loss and recognized investment gain or loss, ending balance, amount received as earnings distributions from the investment, and limitation on investment: None.
- (2) Significant direct or indirect transactions with the investee companies, the prices and terms of payment, and unrealized gain or loss: None

### d. Information of major stockholders: The name, the number of stocks owned, and percentage of ownership of each stockholder with ownership of 5% or great: Table 5.

## 29. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Group's reportable segments were the operating segments of the Company and other operations.

### a. Segment revenue and operating results

|                                      | Segment revenue                        |                     | Segment profit or loss |                  |
|--------------------------------------|----------------------------------------|---------------------|------------------------|------------------|
|                                      | For the Nine Months Ended September 30 |                     |                        |                  |
|                                      | 2024                                   | 2023                | 2024                   | 2023             |
| Reportable segments                  |                                        |                     |                        |                  |
| FIS operation                        | \$ 1,616,351                           | \$ 1,716,733        | \$ 44,771              | \$ 59,114        |
| Other operations                     | 42,800                                 | 57,633              | ( 2,464 )              | 2,343            |
| Elimination of inter-segment revenue | ( <u>22,419</u> )                      | ( <u>22,837</u> )   | <u>1,510</u>           | <u>1,557</u>     |
| Total of reportable segments         | <u>\$ 1,636,732</u>                    | <u>\$ 1,751,529</u> | 43,817                 | 63,014           |
| Non-operating income and expenses    |                                        |                     | <u>13,811</u>          | <u>6,797</u>     |
| Net profit before tax                |                                        |                     | <u>\$ 57,628</u>       | <u>\$ 69,811</u> |

Transactions between segments are priced based on market prices.

Segment profit referred to the profit before income tax earned by each segment excluding non-operating income and expenses. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

### b. Segment total assets and liabilities

The Group's measure of assets and liabilities was not provided to the chief operating decision maker. Therefore, there is no need to disclose the measurement amounts of those assets and liabilities.

Table 1

FORTUNE INFORMATION SYSTEMS CORPORATION AND SUBSIDIARIES  
FINANCINGS PROVIDED  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024  
(Amounts in Thousands of New Taiwan Dollars)

| No<br>(Note 1) | Financing<br>Company | Counterparty | Financial<br>Statement<br>Account | Related<br>Party | Maximum<br>Balance for the<br>Period ( Note 2 ) | Ending Balance | Amount<br>Actually Drawn | Interest Rate                                                                                                                                                                 | Nature for<br>Financing<br>( Note 4 ) | Transaction<br>Amounts | Reason for<br>Financing | Allowance for<br>Bad Debt | Collateral |       | Financing<br>Limits for Each<br>Borrowing<br>Company<br>( Note 3 ) | Financing<br>Company's<br>Total Financing<br>Amount Limits<br>( Note 3 ) | Note |
|----------------|----------------------|--------------|-----------------------------------|------------------|-------------------------------------------------|----------------|--------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|------------------------|-------------------------|---------------------------|------------|-------|--------------------------------------------------------------------|--------------------------------------------------------------------------|------|
|                |                      |              |                                   |                  |                                                 |                |                          |                                                                                                                                                                               |                                       |                        |                         |                           | Item       | Value |                                                                    |                                                                          |      |
| 0              | The<br>Company       | FTSC         | Other<br>receivables              | Yes              | \$ 300,000                                      | \$ 300,000     | \$ -                     | The interest on<br>funds lent<br>shall be<br>calculated on<br>a daily basis<br>and shall not<br>be lower than<br>the Company's<br>cost of funds<br>on the day of<br>the loan. | 2                                     | \$ -                   | Operating capital       | \$ -                      | —          | \$ -  | \$ 366,371                                                         | \$ 366,371                                                               |      |

Note1 : The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

- (1) The Company is ‘0’
- (2) The subsidiaries are numbered in order starting from ‘1’

Note 2 : The maximum balance of funds lent to others during the year, in response to the funding needs of its subsidiaries, FTSC, the Company intends to lend up to NT\$300,000 thousands respectively, and such loans may be made in installments.

Note 3 : In accordance with the Company’s policy, limit on total loans shall not exceed 30% of the Company’s net assets based on the latest financial statements, and limit on loans to its subsidiaries shall not exceed 30% of the limit on total loans. Limit on loans to others shall not exceed 10% of the limit on total loans.

Note 4 : Nature for Financing:

- (1) Business dealings.
- (2) Short-term financing needs.

Table 2

FORTUNE INFORMATION SYSTEMS CORPORATION AND SUBSIDIARIES  
ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024  
(Amounts in Thousands of New Taiwan Dollars)

| No<br>(Note 1) | Endorsement/ Guarantee<br>Provider | Guaranteed Party |                                       | Limits on<br>Endorsement/<br>Guarantee Amount<br>Provided to Each<br>Guaranteed<br>Party (Note 3) | Maximum Balance<br>for the Period | Ending Balance | Amount Actually<br>Drawn | Amount of<br>Endorsement/<br>Guarantee<br>Collateralized by<br>Properties | Ratio of<br>Accumulated<br>Endorsement/<br>Guarantee to Net<br>Equity per Latest<br>Financial<br>Statements (%) | Maximum<br>Endorsement/<br>Guarantee Amount<br>Allowable<br>(Note 3) | Guarantee<br>Provided by<br>Parent<br>Company | Guarantee<br>Provided by<br>A Subsidiary | Guarantee<br>Provided to<br>Subsidiaries<br>in Mainland<br>China |
|----------------|------------------------------------|------------------|---------------------------------------|---------------------------------------------------------------------------------------------------|-----------------------------------|----------------|--------------------------|---------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|-----------------------------------------------|------------------------------------------|------------------------------------------------------------------|
|                |                                    | Name             | Nature of<br>Relationship<br>(Note 2) |                                                                                                   |                                   |                |                          |                                                                           |                                                                                                                 |                                                                      |                                               |                                          |                                                                  |
| 0              | The Company                        | FTSC             | 2                                     | \$ 610,619                                                                                        | \$ 300,000                        | \$ 300,000     | \$ -                     | \$ -                                                                      | 24.57                                                                                                           | \$ 1,221,238                                                         | Y                                             | N                                        | N                                                                |

Note1 : The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

- (1) The Company is ‘0’
- (2) The subsidiaries are numbered in order starting from ‘1’

Note2 : Nature for endorsement/ guarantee provided:

- (1) Business dealings.
- (2) Companies with direct and indirect ownership of voting shares exceeding 50%. °

Note 3 : In accordance with the Company’s policy, limit on endorsement/ guarantee provided to a single party shall not exceed 50% of the Company’s net assets based on the latest financial statements, and limit on total endorsement/ guarantee provided shall not exceed 100% of the Company’s net assets based on the latest financial statements.

Table 3

FORTUNE INFORMATION SYSTEMS CORPORATION AND SUBSIDIARIES  
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024  
(Amounts in Thousands of New Taiwan Dollars)

| Number | Company Name | Counterparty | Nature of Relationship<br>(Note 1) | Intercompany Transactions                                                |        |                   |                                                                    |
|--------|--------------|--------------|------------------------------------|--------------------------------------------------------------------------|--------|-------------------|--------------------------------------------------------------------|
|        |              |              |                                    | Financial Statements Item                                                | Amount | Transaction Terms | Percentage of Consolidated Total Operating Revenue or Total Assets |
| 0      | The Company  | FTSC         | 1                                  | Sales revenue                                                            | \$ 196 | Note 2            | -                                                                  |
|        |              |              | 1                                  | Service revenue                                                          | 8,587  | Note 2            | 1%                                                                 |
|        |              |              | 1                                  | Other revenue                                                            | 1,539  | Note 2            | -                                                                  |
|        |              |              | 1                                  | Cost of goods sold                                                       | 1,859  | Note 2            | -                                                                  |
|        |              |              | 1                                  | Service cost                                                             | 5,846  | Note 2            | -                                                                  |
|        |              |              | 1                                  | Accounts receivable                                                      | 7,661  | Note 2            | -                                                                  |
|        |              |              | 1                                  | Other receivables                                                        | 2,721  | Note 2            | -                                                                  |
|        |              |              | 1                                  | Accounts payable                                                         | 53     | Note 2            | -                                                                  |
|        |              |              | 1                                  | Other payables                                                           | 1,358  | Note 2            | -                                                                  |
|        |              |              | 1                                  | Contract liabilities                                                     | 8      | Note 2            | -                                                                  |
|        |              |              | 1                                  | Logistic service revenue (recognized as deduction of costs and expenses) | 22,594 | Note 2            | 1%                                                                 |
| 1      | HK FIS       | SBAS         | 3                                  | Service revenue                                                          | 4,871  | Note 2            | -                                                                  |
|        |              |              | 3                                  | Cost of goods sold                                                       | 1,060  | Note 2            | -                                                                  |

Note1 : (1) Parent to subsidiary.  
(2) Subsidiary to parent.  
(3) Between subsidiaries.

Note2 : The terms of the transactions with related parties are generally the same as those for unrelated parties.

Note3 : All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

Table 4

FORTUNE INFORMATION SYSTEMS CORPORATION AND SUBSIDIARIES  
NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEs OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024  
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

| Investor Company | Investee Company | Location  | Main Businesses and Products | Original Investment Amount |                   | Balance as of September 30, 2024 |                         |                | Net Income (Losses) of the Investee | Share of Profits/Losses of Investee | Note       |
|------------------|------------------|-----------|------------------------------|----------------------------|-------------------|----------------------------------|-------------------------|----------------|-------------------------------------|-------------------------------------|------------|
|                  |                  |           |                              | September 30, 2024         | December 31, 2023 | Shares                           | Percentage of Ownership | Carrying Value |                                     |                                     |            |
| The Company      | HK FIS           | Hong Kong | Information                  | \$ 38,484                  | \$ 38,484         | 8,426,000                        | 100%                    | \$ 35,197      | (\$ 236)                            | (\$ 236)                            | Subsidiary |
|                  | SBAS             | Hong Kong | Information                  | 1,452                      | 1,452             | 20,000                           | 100%                    | 17,007         | 1,602                               | 1,602                               | Subsidiary |
|                  | FTSC             | Taipei    | Information Service          | 400,000                    | 400,000           | 43,700,000                       | 100%                    | 463,220        | 19,687                              | 19,691                              | Subsidiary |

Note 1 : All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

Note 2 : Except FTSC, the financial statements of other non-significant subsidiaries have not been reviewed.

Table 5

FORTUNE INFORMATION SYSTEMS CORPORATION  
INFORMATION ON MAJOR SHAREHOLDERS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

| Shareholders            | Shares             |                      |
|-------------------------|--------------------|----------------------|
|                         | Total Shares Owned | Ownership Percentage |
| Standard Plastics LTD.  | 17,852,327         | 25.51%               |
| CECGP Electronics Corp. | 16,283,954         | 23.27%               |

Note 1: The table discloses the information of major stockholders whose stockholding percentages are more than 5%. The Taiwan Depository & Clearing Corporation calculates the total number of common stocks and special stocks (including treasury stocks) that have completed the dematerialized registration and delivery on the last business day of the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.